

LIVING SOMFY

2019 ACTIVITY
REPORT

TO BE THE PREFERRED
PARTNER FOR WINDOW
AND DOOR AUTOMATION



1	PROFILE
2	FUNDAMENTALS
10	VISION
14	2030 AMBITION
26	SUCCESS
32	PERFORMANCE

TO BE THE PREFERRED
PARTNER FOR WINDOW
AND DOOR AUTOMATION

In 2019, Somfy celebrated our 50th anniversary. During this pivotal year, the Group started writing the next chapters in our history and celebrated the major milestones that marked our evolution and repeated success.

It all began in the late 1960s, when the brand’s pioneers boldly integrated motors into awnings, and later into rolling shutters. With the first automated controls in 1981 and the beginning of the Group’s internationalization quickly made us the world leader in automated openings, thanks in particular to our external growth. In 1997, Somfy decided to introduce an in-home radio protocol to control products from a single wireless control point.

From then on, everything accelerated: the two-way radio—led by Somfy and Velux—conquered other brands in the home.

End-users could now program scenarios adding to the comfort of their daily life, as well as ensuring building security and energy savings. In 2015, with our first motors natively connected to the Internet, Somfy took a big leap into the digital future. And this year, the company has developed a new use for motors: natural and safe ventilation for better indoor air quality.

Outside the Group, things are starting to move faster and faster. In 2019, Somfy took time to reflect on giving our leadership a strong foundation for the next ten years.

Trust is essential. Trust from our customers, partners, stakeholders, and consumers who have become ecologically responsible. With that trust, we have an obligation to really deserve it. The strength of being a Group is also innovating collectively and providing useful value every day. Therefore, for the first time in our history, Somfy has designed a 10-year ambition:

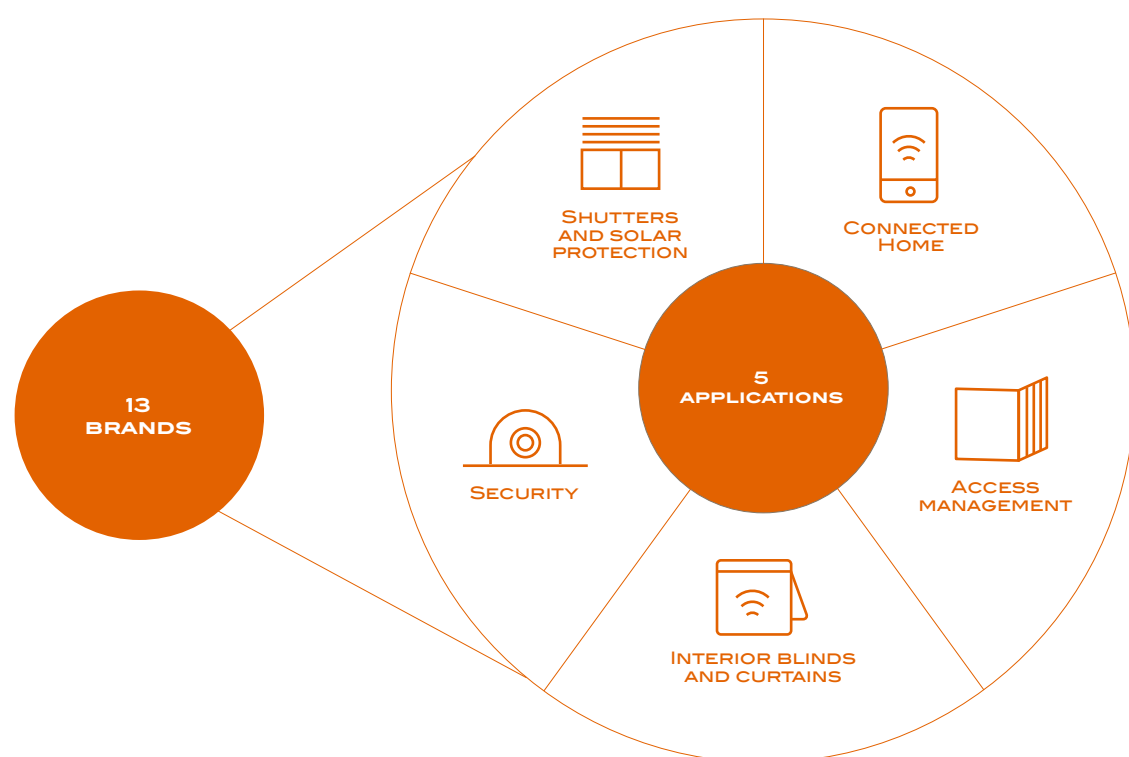
“To be the preferred partner for window and door automation.”

THE FUNDAMENTALS

Somfy is constantly innovating to guarantee comfort, wellbeing, and security in the home and is committed to promoting sustainable development.

A ROBUST AND INNOVATIVE 50-YEAR-OLD GROUP

A PORTFOLIO OF COMPLEMENTARY BRANDS

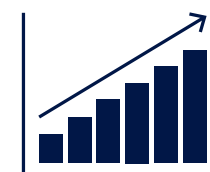


A SOLID TRAJECTORY



€1,200.2M

sales



+6.1%

growth on a like-for-like basis

€204.8M

Current operating result

AT THE HEART OF INNOVATION



17

R&D centers
around the world



2,212

portfolio patents



3,548

contributors to the My Somfy Lab
co-creation platform, of which 1,109
took part in projects in 2019.



44

patent applications
in 2019



50%

of Somfy products sold
as of January 1, 2020
were eco-designed.

AN ENTREPRENEURIAL SPIRIT EMBODIED BY THE GROUP'S 6,070 EMPLOYEES IN 58 COUNTRIES

 **117**
subsidiaries

 **8**
manufacturing sites

 **58**
countries

 **80**
logistics centers and warehouses

NORTH AMERICA

CANADA
UNITED STATES

CENTRAL AND SOUTH AMERICA

ARGENTINA
BRAZIL
COLOMBIA
MEXICO

NORTHERN EUROPE

BELGIUM
DENMARK
FINLAND
IRELAND
NORWAY
THE NETHERLANDS
UNITED KINGDOM
SWEDEN

FRANCE

FRANCE

SOUTHERN EUROPE

BULGARIA
SPAIN
GREECE
ISRAEL
ITALY
PORTUGAL

GERMANY

GERMANY

CENTRAL AND EASTERN EUROPE

AUSTRIA
CROATIA
HUNGARY
LATVIA
POLAND
CZECH REPUBLIC
ROMANIA
RUSSIA
SLOVAKIA
SWITZERLAND
UKRAINE

MIDDLE EAST & AFRICA

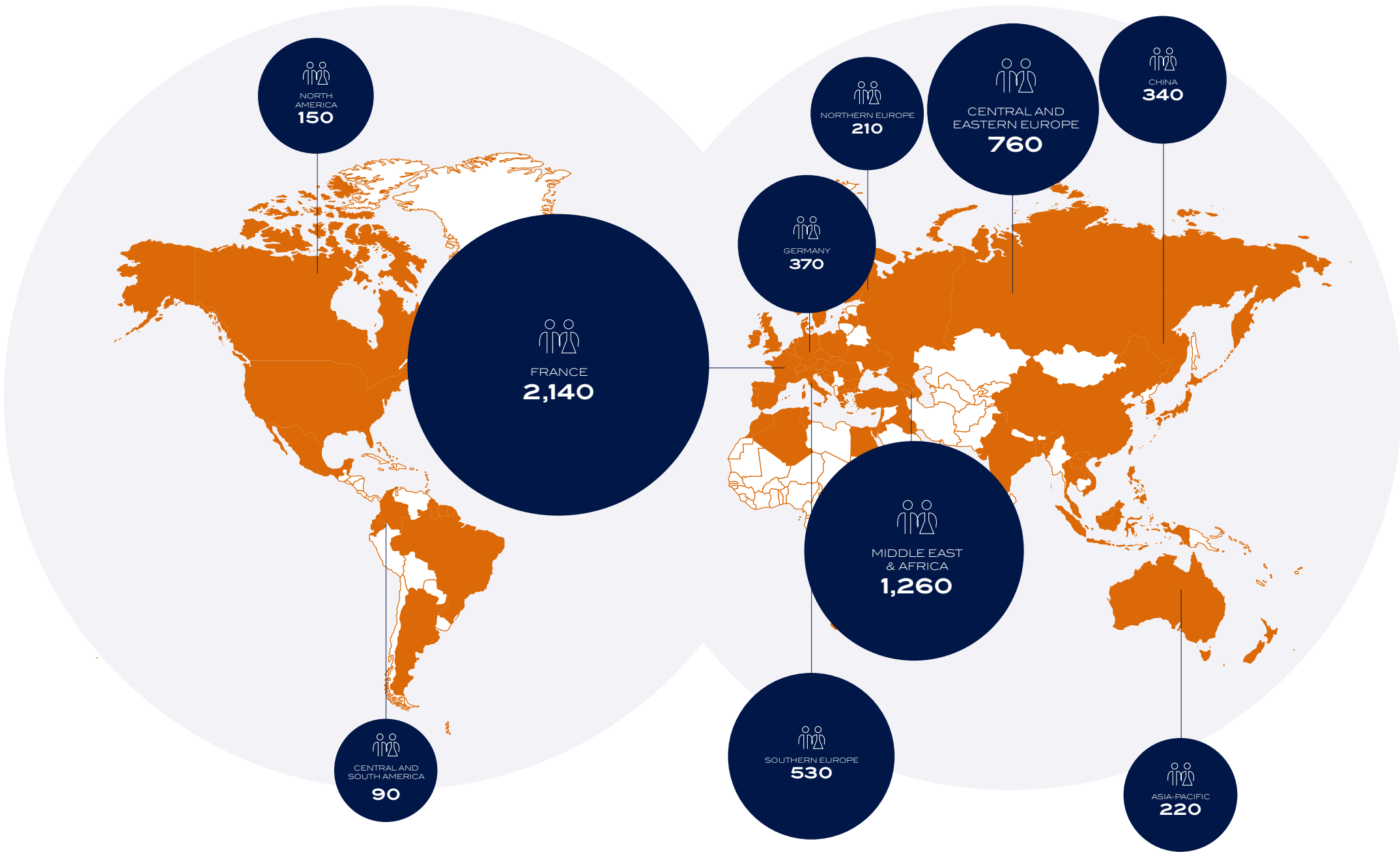
SOUTH AFRICA
ALGERIA
SAUDI ARABIA
CYPRUS
EGYPT
UNITED ARAB EMIRATES
JORDAN
LEBANON
MOROCCO
TUNISIA
TURKEY

CHINA

CHINA

ASIA-PACIFIC

AUSTRALIA
SOUTH KOREA
HONG KONG
INDIA
INDONESIA
JAPAN
MALAYSIA
NEW ZEALAND
PHILIPPINES
SINGAPORE
TAIWAN
THAILAND
VIETNAM



HIGH STANDARDS IN SUSTAINABLE DEVELOPMENT

From 2020, Somfy will make Corporate Social Responsibility the basis of our strategy and the foundation for the Group's sustainable growth. From now on, the entire company both in France and abroad is aligned on a shared CSR commitment and strategy¹. The Sustainable Development Department will globally manage our actions in order to ensure group-wide coherence. **Denis Maugain, Department Director, explains how this concerted action should enable the Group to achieve our ambition of making a positive contribution to the major challenges in sustainable development.**



26TH

In 2019, Somfy ranked in Gaïa index's Top 30. Every year, it ranks the top 70 French SMEs and ETIs—out of a panel of 230 companies—in terms of environmental, social, and governance performance.

-7.2%

IN 2 YEARS

Reduction in CO₂ emissions from standby power consumption in Somfy motors—representing 37.41 kg of CO₂/year/motor in 2019 compared to 40.30 kg of CO₂ in 2017—due to the voluntary Act for Green® ecodesign program. Power consumption and raw materials used in our products are Somfy's two main actionable levers to reduce our environmental footprint.

Denis Maugain: “The climate emergency shows that compensating and repairing are no longer enough: We need to change our behavior. Through their strategic choices, companies have a unique ability to drive medium-term change in all areas of sustainable development.

For this reason, through our strategy and business activities, we are committed to:

- **reducing** our environmental footprint,
- **contributing positively** to the development and well-being of our employees and society as a whole,
- **balancing** our performance with the need for economic development for all.

In 2020, we are launching our first three-year sustainable development roadmap, with actions at many different levels.

The first is regulatory: Ensuring that our policies continue to evolve in line with international standards by involving our suppliers.

Our second level of action is the **very purpose of our sustainable**

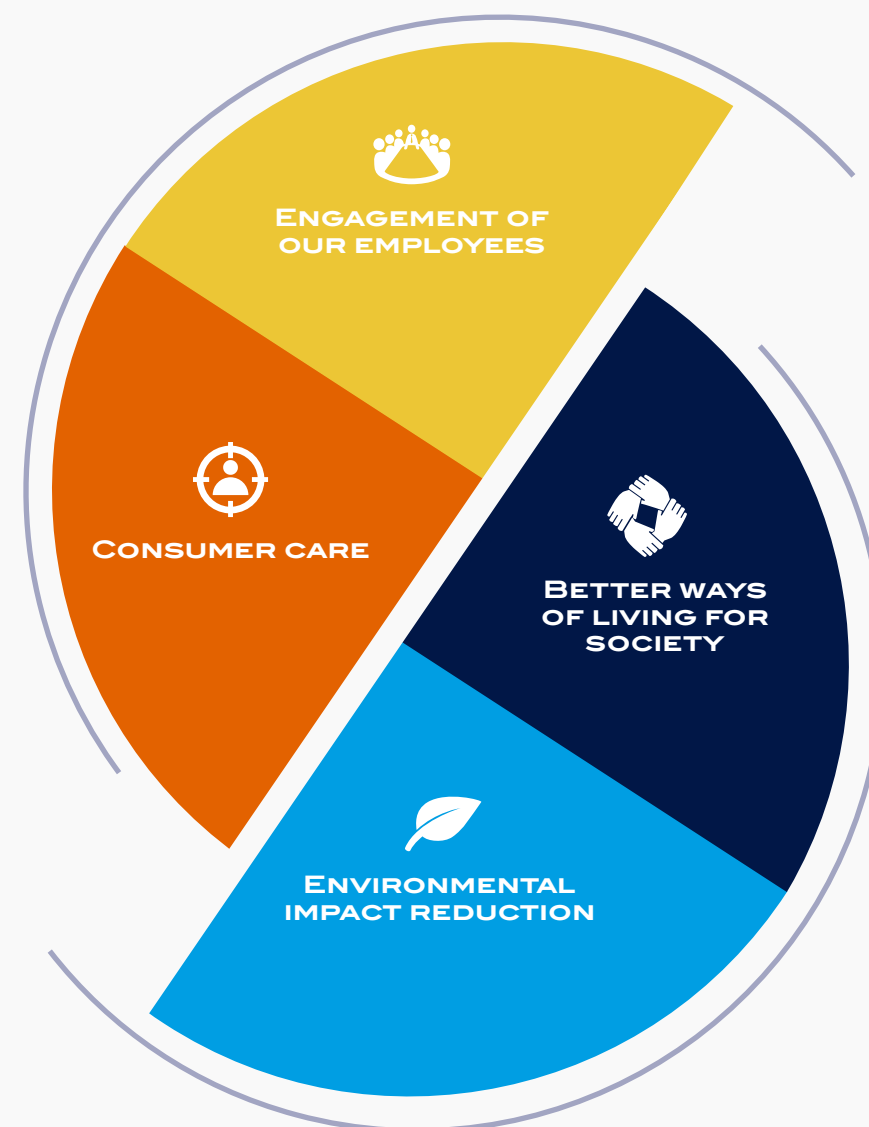
development strategy: Ensuring that the Group's activities have a positive and measurable impact on the environment as well as on consumers, employees, and society as a whole. For example, our ‘We Act for Green’ environmental approach anticipates major environmental transitions. At the same time, we want to strengthen our social commitments. Today, our efforts mainly emanate from the Somfy Foundation through its fight against substandard housing.”

REDUCING OUR CARBON FOOTPRINT

In 2020, the results of the Carbon Report® carried out on a global scale will engage the entire Group in an ambitious global objective to reduce our CO₂ emissions, reinforcing ongoing actions. In France, the latest Greenhouse Gas Emissions Report, carried out in 2019 and covering the 2018 fiscal year, showed that the three assembly sites in France decreased their carbon footprint by 6% in four years—representing 3,484 metric tons of CO₂ equivalent per year—even though their workforce increased by 34%.

1. Somfy's CSR strategy applies to the Group's entire full consolidation scope and therefore excludes Dooya.

THE FOUR SUSTAINABLE DEVELOPMENT PILLARS



ETHICS AND REGULATIONS SPAN ACROSS THESE FOUR PILLARS.

“THE PILLARS OF OUR COMMITMENT TO SUSTAINABLE DEVELOPMENT ARE INTEGRATED INTO THE COMPANY'S STRATEGIC CHOICES.”

LEARN MORE ABOUT CSR HIGHLIGHTS ON PAGES 8-9



ENVIRONMENTAL IMPACT REDUCTION

Denis Maugain: “Our environmental commitment is an injunction to continue innovating in two areas in particular: Strengthening our product eco-design program and increasing energy savings and better air quality through our automatic systems in buildings. It is also an invitation extended to our key suppliers, customers, and partners to work together to amplify the benefits.”



50%

Due to our eco-design efforts made in 2019, on January 1, 2020, more than 50% of all Somfy products sold worldwide carry the ‘Act for Green’ label, almost doubling 2018 numbers (28%).

20x

Automation multiplies the use of solar protection by 20, considerably increasing the benefits in terms of comfort, health, and energy savings.

Source: results of the Estia study conducted in 2015

WE ACT FOR GREEN

Through its environmental program called “We Act for Green”, Somfy is reducing its carbon footprint using three levers: The workforce’s green behaviors, product eco-design, and the positive impact of automated solutions on building consumption. In 2020, an Operations lever will complete this systemic approach. It will take into account all the activities related to the Group’s operations such as factories, transportation, supply chain, and more.



BETTER WAYS OF LIVING FOR SOCIETY

Denis Maugain: “Even though our societal actions are quite extensive, they will become more international and diversified. Supporting our local communities with their challenges—namely education and professional integration—is a new area of commitment, both in France and abroad.

It will also be expressed more clearly by the actions related to our vision: ‘Inspiring a better way of living accessible to all.’ Our intention is, among other things, to take better account of how the elderly or people with disabilities use our products.”

INCLUSION

Contributing to vocational integration for young and at-risk populations is a priority focus for Somfy.

In France in 2019, Somfy signed a charter with the French State to commit to becoming the leader in inclusion in its home territory, the Arve Valley, in the French Alps. Through the Disability Agreement in application at the beginning of January 2020, in France, Somfy will be dedicating increased resources to recruit, integrate, and continue employing people with disabilities.



LES PETITES PIERRES CROWDFUNDING PLATFORM

This year, thanks to the generosity of private donors, **83 projects were financed in France:** emergency housing and shelters, access to hygiene, shared housing, etc. Initiated by the Somfy Foundation, this endowment fund has gradually opened to three partners: in 2018 to the Schneider Electric Foundation and the Fondation BTP+, and today to Valfidus. Several entities supporting donations provide additional resources for the fight against substandard housing.

€1,157,873

(+54% compared to 2018) collected for 83 associative projects in France



ENGAGEMENT OF OUR EMPLOYEES

Denis Maugain: “The most important promise we make to our team is to give meaning to what we do by providing a safe and healthy workplace and recognizing the necessity of diversity and inclusion. By listening to their expectations, the Group ensures the quality of life at work and each individual’s professional fulfillment. In anticipation of its strategic businesses of tomorrow, we adapt our recruitment, training, and career development practices to support skills development. This is one of the objectives of the skills mapping currently underway (see page 23).”



89/100

2019 Equal Pay Index for Men and Women given to Somfy in France by the French Ministry of Labor

GENDER EQUALITY IN THE WORKPLACE

In France, the 2018 agreement on gender equality in the workplace is showing its first results:

- 30% objective of women in executive positions reached,
- Impact of maternity and parental leave on individual pay increases neutralized,
- Training budget dedicated to facilitating access for women to management positions allocated,
- Budget for initiatives preventing MSDs (musculoskeletal disorders)—events, training, adapted workstations—created. In 2020, our action will extend to the prevention of sexist behaviors and deconstructing stereotypes.



EMPLOYEE INVOLVEMENT IN THE SOMFY FOUNDATION

Housing rehabilitation, skill-based sponsorship, idea sharing: For the past nine years, Somfy Foundation has offered Group employees the opportunity to get involved in actions against substandard housing by donating their working time to the associations the Foundation supports. In 2019, two new formats to involve employees were created. In partnership with the NGO Planète Urgence, four volunteers were sent

abroad on a solidarity mission for two weeks to share their expertise. In Madagascar, for example, an employee provided computer training to the Alliance Française team. At the end of the year, to launch the “Solidarity Retirement” program, Somfy set up a pilot group of future retirees to help them gradually engage with associations during their working hours to prepare them for the changes to come in their lives.

11

 SUBSIDIARIES

are involved in **A House is a Home**, Somfy Foundation’s international program to fight substandard housing conditions, through financial and human support*

* In Australia, for example, employees helped to rehabilitate a shelter for homeless women and families who are victims of domestic violence.

650

employees are involved in nearly one hundred actions proposed by the Somfy Foundation in France and abroad.

OUR 2030 VISION

“SOMFY IS CAPITALIZING ON DIGITAL TECHNOLOGY TO DEVELOP **OUR CORE BUSINESS VALUE PROPOSAL.**”



INTERVIEW WITH JEAN GUILLAUME DESPATURE, CHAIRMAN OF SOMFY'S MANAGEMENT BOARD

Values, trust, humility, high standards: As the Group is gearing up to write a new page in its development, Jean Guillaume Despature shares his convictions on the essential conditions for Somfy's leadership.

What made 2019 a landmark year for the Group?

JGD: This year, Somfy truly understood the full potential that digital technologies hold in reinventing our value proposal in our core business. They will profoundly transform not only our offer, but also our sales and supply chain. This evolution will continue to increase with our 2030 ambition and will drive our profitable growth in the future. I see at least two successes that represent 2019 well.

The first is our home automation solutions in the new multi-family housing market in France. Before, Somfy had virtually no presence but in 2019, a breakthrough occurred and Somfy is now driving motorization in this segment. Why was it a success? For real estate developers, home automation is a lever for bringing new services to their housing offer—energy performance, security, and every day comfort—and our value proposal responds to their specific use cases.

Similarly, the acceleration of our business in blinds and curtain applications (+7.5%)—a very

important growth area, particularly in North America—reflects the value that we have created for the user with our new connected motors. And this is only the beginning, as Somfy will continue to roll out our Zigbee 3.0 range in 2020, further increasing the interoperability of our motorizations. As part of the Zigbee Alliance, alongside Amazon, Apple and Google, we are proud to be part of an initiative to bring IP (Internet Protocol) communications protocols to connected home devices.

The consistency of our digitalization strategy over the last ten years has led us to be partners with the biggest stakeholders in the sector. This is a great source of satisfaction.

How is this new value for the customer transformed into business and profitability?

JGD: Our ability to reinvent benefits around our core applications was key to our performance in 2019. Products launched less than three years ago account for 16.7% of our interior products sales.

“2030 AMBITION:
TO CREATE VALUE IN
ALL DOMAINS IN ORDER
TO BE “THE PREFERRED
PARTNER”. ”



... Our strategic investments in innovation remain sustained without penalizing our current operating margin, which continues to improve and stands at 17.1 % of actual sales. In the medium term, the company will be able to count on new levers to increase productivity—in particular ERP (Enterprise Resource Planning), which will be rolled out throughout the Group in 2021—and on the segmentation of our product lines and geographic territories, set up in 2020 with our 2030 ambition (see page 17).

+ 6.1%

Group sales growth
On a like-for-like basis

This year, the Group worked on a new strategic framework: 2030 ambition. Thanks to this new ambition, Somfy is giving our leadership new momentum: “To be the preferred partner”. Why? What's at stake?

JGD: Somfy's development has always been guided by a long-term vision of how our business and our markets will evolve. This ten-year outlook, led by the Group's Strategic Committee, has led us to change the way we express our leadership, based on partnership and trust.

2030 ambition clarifies our priorities and restates our core business: window and door automation in buildings.



+ 7.5%

Growth in the interior products business
(blinds and curtains)
on a like-for-like basis

It also shows our humility, which I feel is essential because our customers' and consumers' expectations are changing. For Somfy, this means in-depth reassessment of our offer in terms of the service we provide and the digital technology we use to ensure it, creating a better understanding of those needs so that we meet them in the coming ten years.

To ensure the Group's long-term growth, I see two areas where Somfy will have to excel: Value creation, meaning how much we make our consumers' lives easier, how well we help our industrial customers and installers perform, how we contribute to Smart Living and the Connected Home ecosystem. The second area is the positive impact our company and business have on sustainable development.

Once we have demonstrated this long-term corporate value, we will not only have reinforced our stakeholders' confidence; we will also have grounded it inside our new forms of expression.

Along with transportation, the building sector is at the forefront of the fight to reduce greenhouse gas emissions. How can Somfy automated systems contribute to the fight for the climate?

JGD: Over the last five years, Somfy's eco-design approach has been applied to more than 50% of our products sold worldwide. However, the fight against global warming calls us to be more ambitious.

The entire group must be aligned together behind a common strategy for sustainable

development, enabling us to set ambitious objectives to reduce our overall carbon footprint.

I would also like the Group to rapidly make a commitment to our customers to ensure that our products make a measurable contribution to the energy performance of buildings. Numerous case studies confirm the benefits of our motorizations and automated systems on lighting, heating, and air-conditioning although their measurement remains to be standardized. This is one of our priorities in 2020.

Your 2030 ambition also aims to enable each employee to reap the power of being a Group. How will that happen?

JGD: Firstly, it's a necessity due to our market dynamics. Our new function-based organization will reinforce our excellence every day, enable each employee to delve deeper into the heart of their profession, and also engage the entire Group's collective intelligence.

Together, with our professions, skills and expertise, we are certainly stronger. With this new organization, we will be better able to continue breathing new life into our value proposition by being agile and efficient.

This barrier-free way of working will also be an opportunity for everyone to take advantage of rich, international, and diverse career paths. As Somfy is at the crossroads between the challenges faced by the Connected Home and building energy performance, we are writing one of the most demanding and stimulating pages in the Group's history. It is a powerful source of commitment and pride for all employees.

2030 AMBITION

TO BE THE PREFERRED PARTNER FOR WINDOW AND DOOR AUTOMATION

Somfy has always had a long-term vision for the development of our business: “Inspiring a better way of living accessible to all.” In ten years, professional customers and consumers will probably have very different expectations of Somfy.

Market structures will have changed. The demand for sustainable development will grow stronger. These fast-paced transformations are now leading the Group to give new direction to how we express our leadership: “To be the preferred partner for window and door automation”. And, for the first time in our history, to build a ten-year ambition that unites the entire company around a common strategy that brings our CSR commitments to the forefront (see page 6). In 2030, with this ambition, Somfy will have reaffirmed and consolidated our leadership and will have spent ten years rethinking our business models as well as the value proposal that we bring with our products and services and our contribution to increased sustainable development. Through this ambition, Somfy also intends to stress the priority given to our core business: window and door automation in buildings. This is where the Group's ability will pivot to make a difference in our markets and to ensure our profitable and sustainable growth.

THE 4 STRATEGIC PILLARS FOR SUCCESS



Read page 16



Read page 18



Read page 20



Read page 22

THE SIX CASES FOR CHANGE

1

THE CONSUMER IS THE NEW KING

Consumers are hyper-connected, informed and influence in real-time; they buy indifferently online and in stores. Even in professional sales channels, they are the decision-maker.

Somfy must, therefore, redesign our relationship with them, reinventing our distribution models, and boosting the power of the brand.

2

UTILITY ABOVE ALL

The Connected Home market is being disrupted by new entrants such as Google, Apple, Facebook, and Amazon. We must think about creating value no longer in terms of products but in terms of uses, taking into account user expectations.

Somfy must create new partnerships and push innovation to establish new barriers to entry.

3

THE CLIMATE EMERGENCY

It changes consumer behavior and increases environmental and societal demands on products, brands, and companies.

Somfy must pursue our commitments and accelerate our game plan for sustainable development.

4

OPPORTUNITIES TO SEIZE

Somfy's new markets in the building industry—interior products, window automation—are structured differently from our historical markets, with business models that have yet to be invented.

Somfy must reinvent new business models.

5

EVOLUTIONS IN THE SECTOR

Productivity in construction is three times lower than that of industrial sectors.

Very quickly, performance will become a major cornerstone for construction stakeholders.

In a long-term industry, Somfy must seek both growth and profitability.

6

THE POWER OF THE COLLECTIVE

It is key for Somfy to review our historical organizational models to renew our value proposal.

Somfy must reinvent its organizational model to leverage the power of being a Group.



DELIVERING PERFORMANCE

CHALLENGE

In a constantly changing market, the Group's transformation will accelerate only if our strengths serve our strategic objectives. Somfy must invest at the right time and place in our markets to achieve greater operational excellence. In order to deliver, we must professionalize our jobs, digitalize our operations and offers, set our priorities, and implement collective actions.

LEVERS

PRIORITIZING GROUP ACTIONS

Each brand, each activity and each territory must play a complementary role and be given clear priorities. This is the objective of the strategic roadmap rolled out in 2020 and the new segmentation of Somfy's activities and geographical territories implemented on January 1, 2020 (see opposite). For the past two years, this strategy has already led to a wave of innovations on the interior products market to develop Somfy's core business activities, and in 2019, with the launch of the Somfy air range of solutions designed to improve indoor air quality (see pages 27-28).

BOOSTING OUR BRAND PORTFOLIO

Consumers no longer buy a product; they buy an experience, a story. A strong Somfy brand, a brand that conveys the Group's promise and vision directly to the user, is a strategic asset. In a complex market—international expansion, multiplicity of distribution channels, large diversity of customers—a multi-brand portfolio is key to meet everyone's needs and create synergies such as the distribution channels shared by BFT and Somfy in France.

BOOSTING OPERATIONAL EXCELLENCE

Meeting customer demands for efficiency and competitiveness, but also acting faster to reduce the Group's carbon footprint means improving our individual and collective performance. In order to ensure continued improvement, we must harmonize our operational management practices throughout the company. In particular, we will be adopting just one ERP¹ for the entire group starting in 2021 (see opposite), and have already started rolling out the seven processes in the Somfy Group Management Systems.



2019 ACTIONS

STRATEGIC SEGMENTATION

THREE BUSINESS LINE PRIORITIES

CORE BUSINESSES

They drive Somfy's profitable growth and accelerate the sector's digitalization.
> Exterior, interior, Access residential products (motorizations, sensors, and control solutions).

ACCELERATORS

They reinforce the value proposition of core businesses and help gain market shares.
> Smart Windows, Doorlocks, Security and Smart Home ranges, Access Road Systems & Parking, Building Controls, Commercial Building Controls, and Services.

ADD-ONS

They create additional profitability and provide the Group with the tactical advantages needed to achieve 2030 ambition.
> Climate, Lighting Management, Swinging Shutters, Access ICC, Window Openers, and Projection Screens.

FIVE GEOGRAPHICAL PRIORITIES



FORTRESSES TO EXPAND

to maintain the Group's leadership, both geographically and throughout our core businesses.



FORTRESSES TO BE

to establish Somfy's leadership on at least one core business, with a high level of investment.



BETS FOR THE FUTURE

to develop new markets on core businesses, which will accelerate Group growth.



MATURE CONTRIBUTORS

to protect the Group's positions by leveraging development for other geographies.



GROWING CHALLENGERS

to take advantage of their dynamics, aiming to improve Profitability with a measured level of investment.

SO! ONE, A NEW SHARED GROUP ERP¹

Moving to digitalize operations, Somfy launched the So! One project, the Group's future ERP¹. This internationally shared collaborative platform will be the basis for a barrier-free and more agile way to work. It will digitalize our operations, harmonize our business processes, simplify our Information System, and bring value to the customer experience and our offer of services. In 2019, So! One entered the design phase to adapt the chosen technological solution to the Group's needs. The solution is scheduled to be implemented in two pilot sites in 2020 for effective roll-out starting in 2021.

FACTORIES ARE CAPITALIZING ON DIGITAL TECHNOLOGIES

As of May 2020, the Group's Tunisian factory will rely on digital technologies to simplify and improve its production operations. By being proactive instead of reactive, teams will be able to achieve a high level of performance. Soon, errors will be a thing of the past through automatic manufacturing orders, paperless data entry, and real-time traceability of components and quality. Group-wide roll-out in 2022 will provide real-time visibility of production data.

1. Enterprise Resource Planning (unified and transversal software package that manages processes as different as production, orders, stocks, and invoicing).



RISING VALUE TO CUSTOMERS

CHALLENGE

In the home, equipment interoperability and new control modes—by voice, robotics—give rise to new possibilities to improve comfort, safety and security, and save energy. As users are hyperconnected, they want to be able to safely and securely act remotely and let objects interact instead. Digital technology is also transforming buildings, and in turn, Somfy's professional customers. For the Group, these changes make us rely on the potential of digital technologies to reinvent the value proposition of our core business lines.

LEVERS

THINK END-USER

Somfy must go further in terms of end-user satisfaction in order to design a unique value proposition that is consistent with new uses. Today, the Group is instilling this mindset throughout its business to offer a seamless and differentiating user experience from one end of the customer journey to the other, from

pre-sales to support services. An approach that also enables us to win new customers and building industry stakeholders such as commercial building managers, property developers, co-ownership entities, and more.

ACCELERATE THE DIGITALIZATION OF OUR CORE BUSINESSES

Despite recent improvements in productivity, the building industry still lags far behind the others. As a leader, Somfy must drive the digitalization of our value chain and core businesses, as we did with the

Smart & Smooth RS100 natively connected motor. In the future, leveraging data from equipment in a way that respects consumers in order to better understand their needs, will give Somfy and our professional customers a head start.

CREATE ADDED VALUE WITH SERVICES

Services have always been part of the Group's offers. Somfy must go further to expand our value proposition. Today, equipment connectivity is opening up new possibilities of remote services for professional customers. This is why the PROST program launched in 2019 is essential (see opposite). For users, Somfy offers a remote surveillance service complementary to the alarm system.

These complementary services are a short-term competitive advantage as they give us a position with new customers and in new distribution channels.



2019 ACTIONS

A NEW PLATFORM OF DIGITAL TOOLS AND SERVICES FOR PROFESSIONALS

Somfy product connectivity is a source of efficiency for our professional customers. For installers, it is also an opportunity for additional business thanks to remote services—especially remote maintenance—which they can sell to their customers. In 2019, to fully support our customers in the digitalization of our core businesses, Somfy is launching the PROST (Professional Somfy Tools) program.

The first step is Serv-E-go, a remote diagnosis and maintenance tool for Somfy's connected products. This offer was test-launched in 2019 with around 50 French and European customers. An all-in-one mobile application project is also underway. It will give installers the ability to quickly and easily configure and troubleshoot a connected installation.





FORWARD-LOOKING IN SMART LIVING

CHALLENGE

Habitat and living spaces are experiencing large-scale changes. Major challenges—urbanization, carbon footprint, ageing populations—digitalization, and the growing popularity of services are disrupting user habits and shaking up incumbent stakeholders.

Being forward-looking, the Group innovates constantly to match Smart Living trends that bring value to our global offer while developing partnerships that provide customers with an enhanced experience.

LEVERS

PAVE THE WAY FOR THE FUTURE OF HABITAT

Connected objects in housing and living spaces represent a technological breakthrough that is redesigning resident needs. This new situation in Smart Living is calling for Somfy to invest in new playing fields by integrating new technological bricks such as IoT, solar energy, and Power over Ethernet into our offer. To stay one step ahead, the Group will rely on

the forward-looking innovation ensured by our Technical Expertise Center, or TEC, our engineering expertise and future strategic partnerships.

ADOPT OMNICHANNEL DISTRIBUTION

E-commerce and the upsurge of new housing market stakeholders who are in direct contact with the consumer—Google, Apple, Facebook, Amazon

and Microsoft, or GAFAMs and other service providers—are disrupting traditional distribution channels.

These changes are prompting the Group to strengthen or rethink our commercial positions with our professional customers.

They are also pushing us to seize new opportunities in short circuits, vertical residential and commercial buildings created by urbanization and the omnichannel trend.

To gain a foothold in these new markets, Somfy must invent new

business models, such as the Smart Home box, TaHoma DIN-Rail, developed for new properties (see box opposite). The Group also needs to better capitalize on existing offers, such as the Shadow Management solution for simulating the shadow cast on buildings. With this solution, the Belgian clinic LE CHIREC optimized its energetic efficiency in 2019.

CREATE NEW ECOSYSTEMS

Interoperability—of equipment, brands, connected living spaces—is essential to develop Smart Living. For several years now, Somfy has been adopting open and universal communication protocols, such as Zigbee 3.0 in 2020 (see page 26). To offer users an ever more complete range of automated window and door solutions, the Group is increasing our openness to the main Connected Home ecosystems—innovating with service providers and conducting research on data and artificial intelligence. For example, the So Open program, an important step illustrating Somfy's desire to develop new partnerships.



2019 ACTIONS

SOMFY SEDUCES NEW PROPERTIES WITH TAHOMA® DIN-RAIL

In new properties, the time has come for connected residences and Somfy assists industry professionals—developers and electricians—thanks to the TaHoma® DIN-Rail. Specially designed for new properties, it is installed directly in the electrical panel and becomes an integral part of the home. It connects not only standard equipment—rolling shutter motorizations, lighting and heating management solutions—but also new products added by the residents. TaHoma® DIN-Rail has been on the market since 2019 in some 30 European, Middle Eastern, and African territories.

In France, Somfy has entered into partnerships with property developers such as Bouygues Immobilier, Nexity¹ and Promogim, and in Poland, with Echo Investment. In Asia, Somfy also launched a TaHoma® solution dedicated to collective housing. It is installed in the residences built by our Thai partner Sansiri. For the Group, this new market represents an overall potential of 35,000 new connected residences starting in 2021.

1. Nexity benefits from a specific solution, using their own application for occupants.



EVER-GROWING INTEROPERABILITY

In 2019, Somfy pursued our drive for openness and interoperability with Connected Home stakeholders. In addition to new opportunities in North America thanks to Zigbee 3.0 (see page 26), Somfy has entered into several partnerships, notably with the distributor Leroy Merlin to integrate their Enki box. We are also boosting our partnership with manufacturers like Schneider Electric and Danfoss in the hotel and new property markets in Europe and Asia. As a result, at the beginning of 2020, Danfoss underfloor heating joined the TaHoma® ecosystem. Building on the successful compatibility with Velux, TaHoma® will see its interoperability extended to major window industry stakeholders in France and Germany, offering a unique value proposition on the market for secure natural ventilation through the Somfy air program (see page 27).

5,167,909

devices connected to the Somfy technological platform (including Overkiz)



INSPIRING & ENGAGING

CHALLENGE

For 50 years, Somfy's success has been based on talented and dedicated men and women. With the 2030 ambition, Somfy continues to focus on development opportunities for employees.

LEVERS

“ONE SOMFY, ONE TEAM!”

“One Somfy, One Team!” is the mantra used by our teams. It represents our renewed operating methods and how—throughout our subsidiaries, functions, and territories—employees are dedicated to our shared ambition. The objective is to work closely together by sharing experiences and rapidly rolling out the best standards to better leverage the power of being a Group.

DEVELOPING INCLUSIVE DIVERSITY

At Somfy, we firmly believe in diversity. It is both a duty to society and a source of performance. The Group wishes to encourage mobility between our French headquarters and our international operations in order to develop communities of professions.

MAKING SOMFY “A GREAT PLACE TO GROW”

Somfy wishes to attract and develop talent, but also to offer our employees paths for development. The objective is to help them reach their potential but also guarantee long-term employability, as the Group operates in a sector undergoing profound changes where skills need to rapidly adapt and evolve.

SECURING TEAM SUCCESS...

... is at the core of the mandate given to Somfy's leaders.

The Group's leaders and managers are primarily responsible for guiding team actions by communicating the vision of the company's project, ensuring the conditions for employees to succeed, and also acting as coaches to help them grow.



2019 ACTIONS

A COMMON FRAME OF REFERENCE TO DEVELOP EMPLOYEE SKILLS

Data Scientists, digital marketers, UX (user experience) developers, cybersecurity experts, and more: These digital professions within the Group are particularly key to meet the challenges of the digital age. Therefore, in order to better identify and support these strategic professions to ensure 2030 ambition's success, Somfy has created a common frame of reference for the Group dealing with jobs and skills. At the end of 2019, 60% of professions, representing about a hundred jobs, were mapped. The mapping includes a precise description of expectations and soft and hard skills required for each profession. This frame of reference will be complemented by the progressive implementation of associated action plans in career development (training, management actions) and recruitment—especially in digital functions where skills must adapt quickly. This frame of reference is also a tool that employees may use to prepare their career development project. In France, it is one of the main objectives stipulated in the new agreement on the management of future employment and skills (GPEC) in 2019 that became applicable on January 1, 2020.



A NEW ORGANIZATION SERVING OUR 2030 AMBITION



Jean Guillaume Despature
with the new Executive Committee

In order to respond to the ever more profound transformations in the building industry, and to meet the objectives of our ten-year “2030 ambition” project, on January 1, 2020, the Group rolled out a new organization guided by three major principles.

A function-based organization, built around global functions that will make it easier to roll out standards and develop employee skills. The organization's seven functions work together to serve Somfy's growth and performance.

Placing the customer at the center, with fewer interfaces and clear roles and responsibilities to promote faster decision-making and better allocation of resources.

Facilitating and driving the digitalization of our products, customer relations and operations.



1. JEAN GUILLAUME DESPATURE Chairman of the Management Board

With this new organization, Somfy is acquiring the resources to strengthen its position as leader in automated openings for buildings. True to the Group's values of innovation and entrepreneurship, the new Executive Committee will write an important chapter in the Group's history.



2. PIERRE RIBEIRO Chief Financial Officer and Member of the Management Board

To support the Group's policy for continuous improvement, we will roll out a new Performance Management System. Financial controllers will become genuine business partners by supporting professions in their projects. Reorganizing our Compliance process also strengthens the Finance function in its risk management mission.



3. VALÉRIE DIXMIER Head of Human Resources & Organization

In the short term, HR teams will support the company's organizational transition and ensure that the new “One Somfy, One team!” mindset is shared throughout the Group because cooperation is the foundation of 2030 ambition's success. They will also act as partners to ensure that Somfy teams draw on the skills, professionalism, and talents required to implement the Group's strategy.



4. MARIE ZIEGLER Head of Strategy & Insights

This new Strategy & Insights function serves overall performance and is responsible for defining and rolling out the Group's strategy, helping each team to better set the priorities for their actions. Anticipating market trends and creating innovative business models are also the core of their mandate.



5. BRUNO BARLET Head of Sales South & East (France, Eastern and Southern Europe, Africa and the Middle East, and Asia-Pacific)

6. JEAN PASCAL REY Head of Sales North & West (Northern and Central Europe, North and South America).

Present in 58 countries, commercial subsidiary teams are renewing their focus on sales to improve the Group's commercial performance and to better support customers in meeting their changing needs. Sales forces are now managed by two Head of Sales, who each have balanced and rational geographical areas. Creating common standards and sharing best practices will give Somfy the power to consolidate our leadership and accelerate entry and positioning on new markets.



7. MARC WESTERMANN Head of Products & Services

The Products & Services Department will now develop our portfolio of offers for all Group brands. Their mission is to continue digitalizing our core businesses, boost brand experience, and optimize our portfolio's economic performance. To constantly renew our value proposition, the key will be cooperation between teams working on different product lines, thus driving customer satisfaction and innovation.



8. JEAN-CLAUDE RIVIER Head of Engineering & Customer Satisfaction

By bringing engineering and development professions under the same roof, Somfy secures our ability to provide our customers with the best offer at the right time. From the very first stages of research and development, the customer is at the center of our process. To innovate, we can rely on the excellence of our technologies and high quality.



9. BRUNO STRAGLIATI Head of Operations & Supply Chain

By working together with the Sales and Products & Services teams and integrating purchasing, production units, and the supply chain we place the customer at the heart of our business—our goal being to meet their expectations in terms of delivery times, continuous improvement, and cost optimization.

2019 SUCCESS STORIES

Our core businesses were boosted by an unprecedented wave of innovations in interior blinds and curtains, improved indoor air quality, and the launch of a new smart lock. Somfy also strengthened our positions in the new residential market.



WITH ZIGBEE 3.0, SOMFY IS BOOSTING OUR POLICY OF OPENNESS

Zigbee 3.0 is now the leading standard for the Connected Home. Supported by an alliance of more than 400 manufacturers including Google, Apple, Amazon, and IKEA, this global radio protocol guarantees equipment interoperability. Starting in 2020, Somfy in North America—one of our main markets for indoor and outdoor solar protection—will integrate Zigbee 3.0 in a Smart Shading offer for motorizations of indoor blinds and curtains, remote controls, and an application for

TaHoma®, Somfy's Smart Home box. Occupants can create scenarios to improve their visual comfort, preserve their privacy or simulate a presence. With Zigbee 3.0, TaHoma® is now compatible with major US lighting brands—Amazon Echo, Samsung SmartThings, Philips Hue, Leviton—as well as main Connected Home ecosystems and voice assistants: Amazon Alexa, Google Assistant, Control4, Elan, Savant, Crestron, SmartThings, IFTTT.



CE Pro BEST Product Award at CEDIA 2019 for the Sonesse® 30 WireFree Zigbee® Li-ion motorization. CEDIA Expo brings together more than 20,000 professionals and over 500 exhibitors from the Smart Home and Home Technology sectors each year in Denver.

Set & Go Connect

For our manufacturer and installer customers, Somfy is also launching a tool to easily integrate and install Zigbee 3.0 products.



A BREATH OF INNOVATION IN THE AIR

After three years of research, in 2019, Somfy launched our new Somfy air program to meet the environmental challenges of indoor air quality while removing concerns around ventilation: lack of time, fear of burglary, or heat loss. Somfy air solutions—ranging from the simplest to the most connected—are designed to meet all needs, regardless of the level of equipment in the home. The new sliding door motorization, Sliding air io, has an “air” position, leaving the door partially open yet securely locked to maintain safety. Users can also remotely consult the position of their windows (open, closed) and receive alerts if there is an attempt to intrude thanks to the IntelliTAG™ air io sensor. When combined with TaHoma®, motorized windows and sliding doors can even interact with heating or rolling shutters and be controlled from a smartphone.

Designed in partnership with the window manufacturer Liébot, Sliding air io received the Innovation Trophy at the Batimat 2019 show. This new range of offers provides the Group with a new high-potential market.

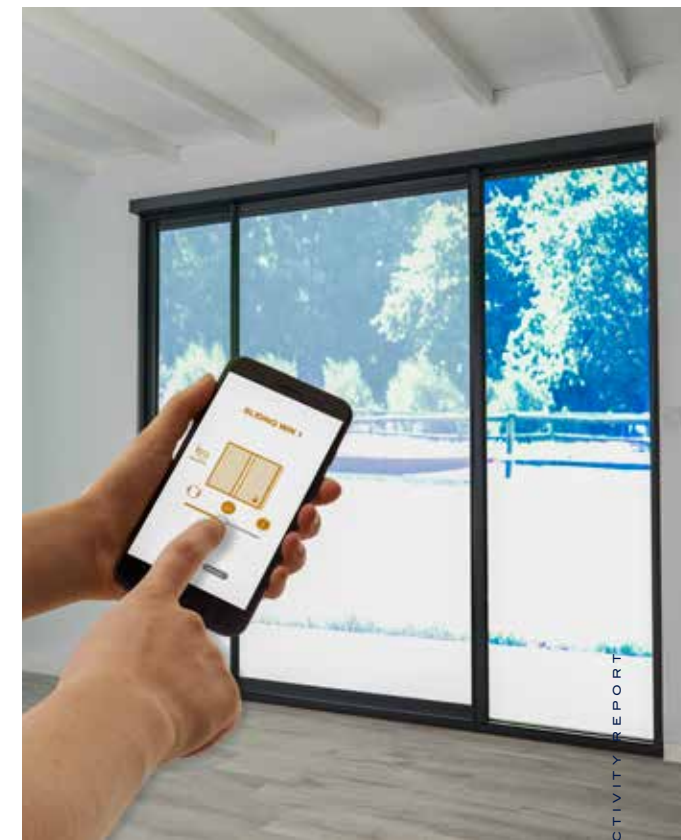
36 M

windows manufactured every year in France, Germany, and Poland



PROVIDING OPTIMAL HEATING IN EVERY ROOM

In the Connected Home market, heating is the most popular application. In connection with TaHoma®, Somfy has innovated with the thermostatic valve io, which manages radiator temperatures room-by-room to provide thermal comfort throughout the home. Its integrated temperature sensor also offers the occupant the possibility of creating more customized scenarios, in conjunction with rolling shutters and sun sensors, for example.



IZYMO™ CONNECTS LIGHTS

Turning lights in the home into connected equipment is possible with IzyMo™ micro-modules.

Without major renovations, it's easy to control lights with a smartphone, simulating presence or launching favorite scenarios when arriving home.

Launched in 2019 in Europe, the Middle East, and Africa, IzyMo™ has been a great success, particularly with electricians and new residential sales channels.





↓

THE QUIETEST INDOOR MOTOR ON THE MARKET

The new Sonesse ULTRA range performs at a record **38 decibels**, the noise level equated to **rustling leaves**, making it the quietest blind and curtain motor on the market. Winner of an Innovation Award at the Consumer Electronics Show (CES) in Las Vegas in January 2020, the Sonesse ULTRA 30 WireFree is also wireless and connected. From the associated application, occupants can simply monitor or create daily life scenarios for their visual comfort and privacy by taking advantage of the interoperability with other connected objects and check the charge level of the motor's battery in real-time. With this new range, Somfy now offers a choice of three sound levels—standard, silent, ultra-silent—to motorize blinds and curtains.

3 M

Sonesse motors installed in June 2019, a milestone!



CES 2020
Innovation Award



A STAND-ALONE, BATTERY-OPERATED RANGE

For blinds and curtains, Somfy is continuing to develop wireless motors installed inside any type of blind. Both silent and connected, their ease of installation is a key lever in the development of indoor solar protection motorizations. Equipped with a battery requiring only one recharge per year, they can also run on solar energy.

60

new stand-alone motors launched between 2018 and 2020

+30%

in sales for Somfy's range of stand-alone motors in 2019

FRESH AIR AND SECURITY

In partnership with the manufacturer Zurflüh-Feller, the Smart & Smooth Operator RS100 rolling shutter motor will be completed with an "air" version. The system naturally ventilates the home while ensuring safety thanks to a new function blocking the slats. Four years after it was launched, the Smart & Smooth natively connected motorization technology continues to drive innovation in the industry.



SOMFY EQUIPS AMERICAN AIRLINES' HEADQUARTERS

In September 2019, American Airlines inaugurated their new headquarters in Dallas-Fort Worth. The complex includes six office buildings that will eventually house more than 7,000 airline employees. Somfy took part in this impressive project by supplying 2,155 silent Sonesse motors equipped with RS485 SDN (Somfy Digital Network) bidirectional wired technology. Somfy's project team was also responsible for commissioning the first two buildings.



IN GERMANY, VIEBROCKHAUS HOMES COME STANDARD WITH SOMFY-CONNECTED SYSTEMS.

Building on partnerships with several major stakeholders in new multi-family housing—Bouygues Immobilier, Nexity, Promogim, read page 21—Somfy also signed a new agreement with Viebrockhaus, one of Germany's largest builders of single-family homes.

800

Viebrockhaus houses are available each year with TaHoma®, Somfy's Smart Home box, combined with RS100 io Hybrid rolling shutter drives. In addition, security packages will be offered, including window opening detectors. Owners will also have access to Somfy's customer service and online shop to complete their installation with sensors, outdoor cameras, Izymo™ micro-modules for lights, and more.



EXTERIOR SOLUTIONS IN FULL SWING

This year again, the Group experienced very strong sales growth (+15.2%) in the exterior screen segment in Northern and Central Europe. In North America, the Maestria offer met market expectations. The Group's leadership position is maintained thanks to how we dynamically manage our multi-brand portfolio (Somfy, Simu, ASA). In the External Venetian blind market, Somfy is consolidating our position and expanding our range of motorizations equipped with frost and obstacle detection systems. Solutions for pergolas, a new market for Somfy, have encountered much success, validating the relevance of Somfy's entire TaHoma®-controlled ecosystem including roof and lateral blind motorizations, solar sensors, and light management.





STRONG GROWTH FOR SOMFY ACCESS PRODUCTS

Sales of motorizations and applications for gates and garage doors continued to show steady growth. In 2019, this momentum was driven by the Smart io connected products designed for professional installers.

One year after the launch, leading French manufacturers of carrier products fully trust the range. Now, rolling out connected access solutions to the residential market is more readily available: Since 2015, the number of io motorizations for gates and garage doors connected to Smart Home platforms (TaHoma®, Connexoon®) has

been multiplied fivefold. In 2019, the Polish manufacturer Wisniewski also reinforced its partnership with Somfy on garage door operators by extending the agreement to other connected applications—locks, videophones, gate receivers.

The access products marketed directly to users were revamped in 2019. These easy-to-install, DIY offers are now structured around four new ranges that totally adapt to consumer needs in Somfy's various short sales channels—DIY superstores, e-retailers, manufacturers.

+1M

Number of Somfy access products sold worldwide in 2019



THE OUTDOOR CAMERA AND HOME KEEPER PRO: SUCCESS OF THE YEAR

Launched at the end of 2018 in Europe, these two offers were among the best sellers in Somfy's Safety ecosystem. The Outdoor Camera—equipped with a siren and capable of turning on a light—has impressive triple detection, warning and deterrence functions to avoid burglary attempts.

Designed to facilitate installation and maintenance by professionals, the 27 units Home Keeper Pro alarm range can control rolling shutters, lighting, and automated systems for gates and garages. Diagnosis and configuration can be performed remotely for increased performance and better customer service.



BFT LAUNCHES NEW PRODUCT RANGES

BFT is the Group's brand specializing in safe access management (residential, urban, commercial, and industrial). In 2019, BFT launched four home product families using new technologies, promising once again high reliability and security. The ICARO Veloce operator for sliding gates, for example, can move up to 1,000 kg at a speed of 25 meters/minute, twice the performance of traditional motors. In the urban access market, BFT also offers a new parking garage payment terminal, Espas 30 Ultra, with an optimized user interface.



THE NEW GENERATION CONNECTED LOCK

People who regularly rent their home or have parcels delivered to their home in their absence will love Somfy's new range of connected door locks. Door Keeper opens and closes the entrance door remotely as well as manages temporary access rights, providing real-time information on door status (locked/unlocked) via the Somfy Keys smartphone application. Above all, it becomes an active home security tool thanks to its integrated IntelliTag™ intrusion attempt detector. Easier to use and more robust, its new design is modern and harmonious.



2020

Door Keeper was presented at CES (Consumer Electronics Show) in Las Vegas.



In 2019, customer satisfaction reached a very high level.

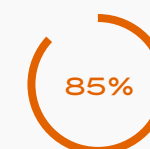
That is what comes out of the survey conducted with installers, distributors, manufacturers, and assemblers throughout the Group in 17 countries (excluding France):



of customers are "satisfied" or "very satisfied".



The Consumer Net Promoter Score (CNPS) measures customer loyalty by asking the question "Would you recommend Somfy to a colleague or friend?"



think Somfy is a "responsible company".



The survey also shows how well customers perceive and accept:
 > Somfy's service offer, which they consider to be in line with current market needs,
 > how Somfy has integrated digital technologies in their solutions.

2019 PERFORMANCE



SALES IN € MILLION



Sales reached €1,200.2 million for the 2019 financial year, up 6.5% in real terms and 6.1% on a like-for-like basis, with 4.7% in the first half and 7.5% in the second half.



CURRENT OPERATING RESULT IN € MILLION



Current operating result reached € 204.8 million over the financial year. It represented 17.1% of sales and was up 15.2% in real terms. On a like-for-like basis, COR came to €201.3 million, i.e. 16.8% of sales.



Pierre Ribeiro
Chief Financial Officer and
Member of the Management
Board

“ THE INCREASE IN GROUP SALES REFLECTS THE GROWING INTEREST OF ALL TYPES OF CONSUMERS IN **MOTORIZED AND CONNECTED SOLUTIONS** FOR THE HOME, BUT ALSO THE SUCCESS OF THE MANY PARTNERSHIPS AND RECENTLY LAUNCHED PRODUCTS. ”



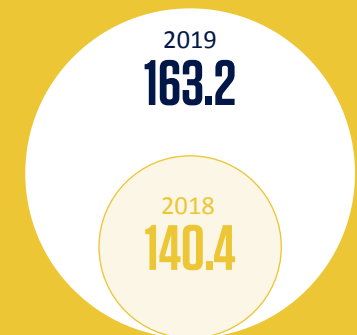
NET INVESTMENTS IN INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT IN € MILLION



At €53.3 million (compared with €57.3 million in 2018), net investments in intangible assets and property, plant and equipment were maintained at a normative level, in line with the Group's strategy.



NET PROFIT IN € MILLION



Net profit came to €163.2 million, up 16.3%.



CASH FLOW IN € MILLION



Cash flow increased by 23.3%, reaching €220.1 million, taking into account sales growth and the first-time application of the IFRS 16 standard.

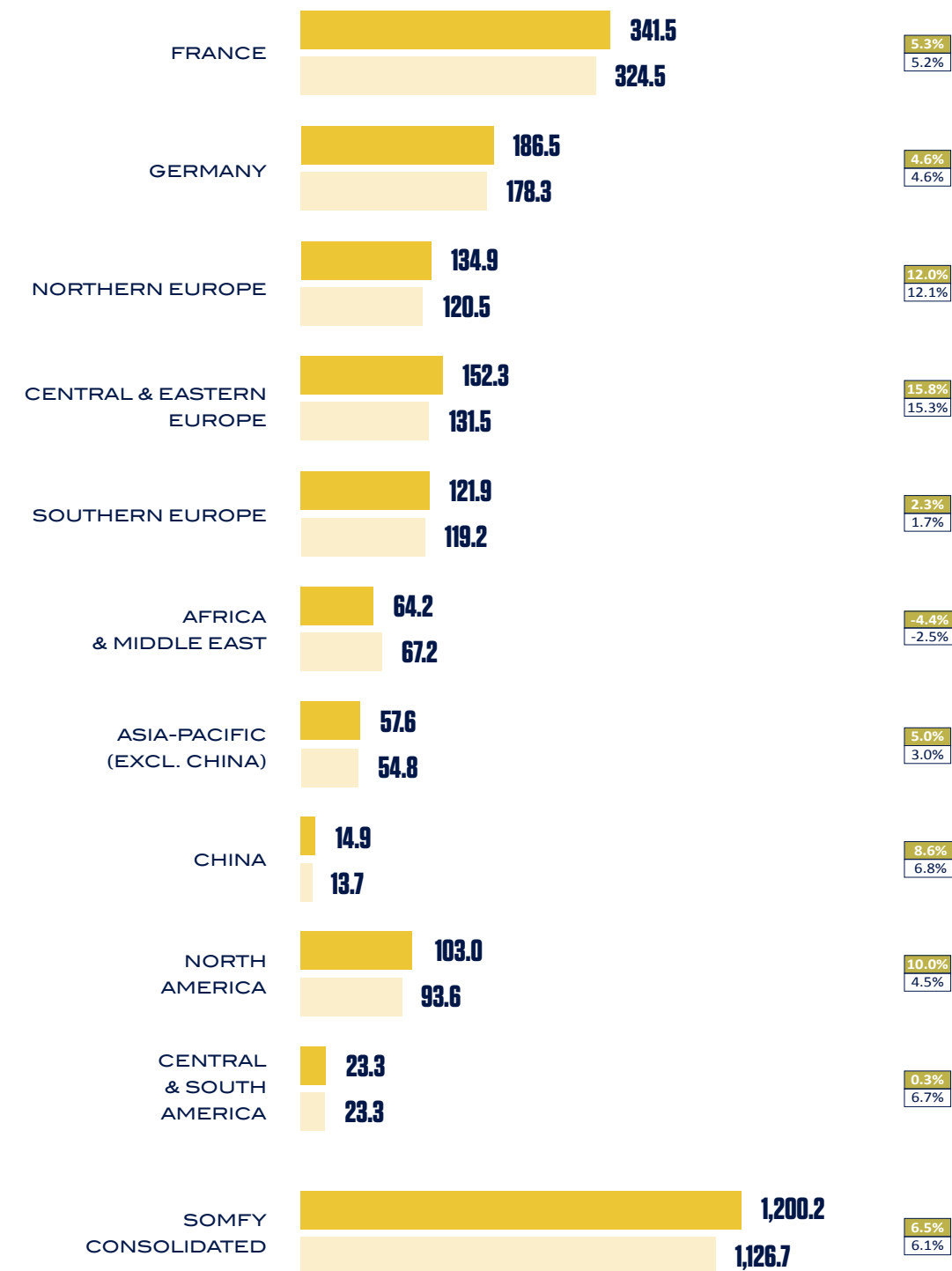


NET FINANCIAL SURPLUS IN € MILLION



The net financial balance rose sharply and has remained in surplus at €310.5 million at the end of December. It includes the IFRS 16 standard impact of €48.3 million.

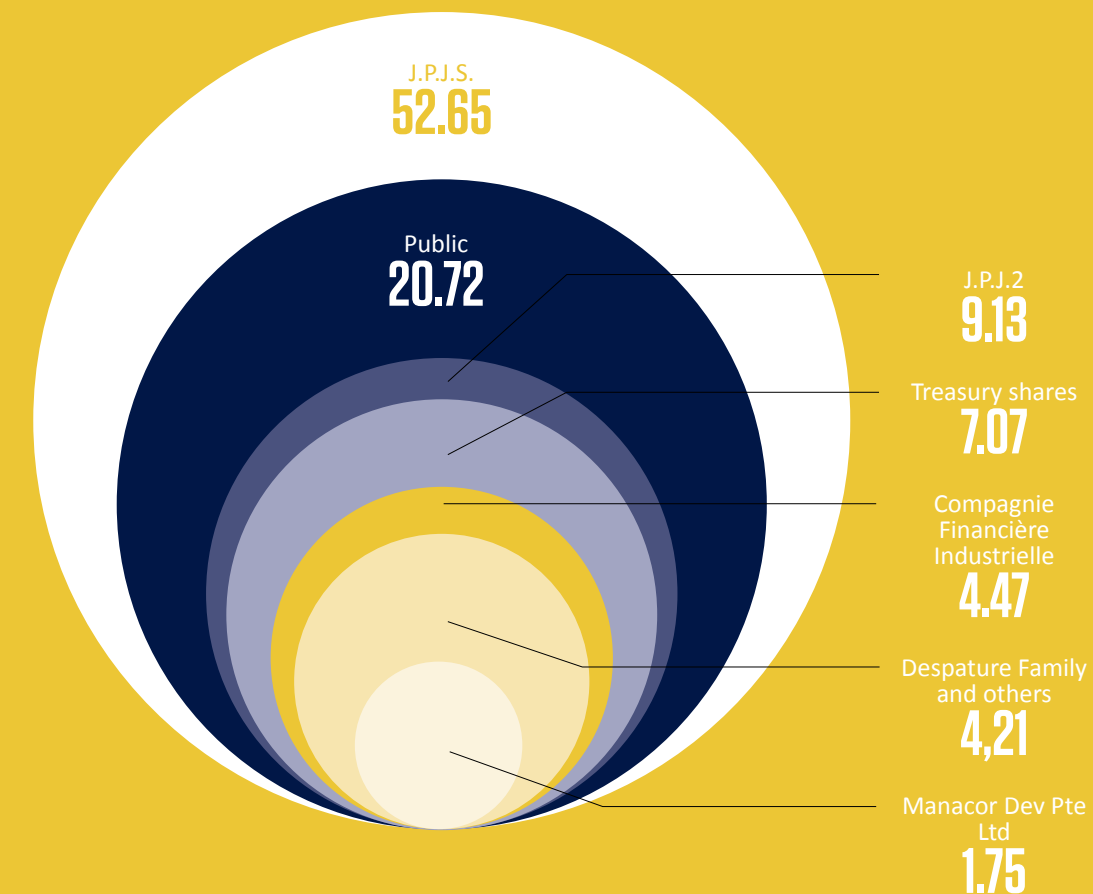
SALES BY CUSTOMER LOCATION IN € MILLION



● 31/12/19
 ● 31/12/18
 ● Change N/N-1
 ○ Change N/N-1 on a like-for-like basis



BREAKDOWN OF SHARE CAPITAL IN % AS OF 12/31/2019



INVESTOR RELATIONS



LISTING

Somfy SA has a Management Board and a Supervisory Board and is listed on the Eurolist at Euronext Paris (compartment A, ISIN Code FR0013199916).



CAPITAL

On December 31, 2019, capital amounted to €7,400,000, divided into 37,000,000 shares with a nominal value of €0.20 each, fully paid up and all in the same class.

2019-2020

Season



SOMFY

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Design and production: W – Translation: InFact Global

Photo credits: American Airlines, Laurent Cousin, Jakob Helbig/Getty Images, Pierre et Gilles, Sémaphore, Sémaphore and Co, Somfy, Somfy Activités SA, Somfy Activités SA/Vanessa Andrieux, Somfy Activités SA/Arnaud Childéric, Somfy Activités SA/Getty Images, ©Somfy Activités SA / Lukkien, Somfy Activités SA/Hervé Thiery, Viebrockhaus, Westend61/Getty Images, Zoom

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